

Message Text

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ACTION STR-04

INFO OCT-01 ARA-06 IO-13 ISO-00 STRE-00 FEA-01 AGR-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-02

INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05

CIEP-01 SS-15 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02

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FM AMEMBASSY MEXICO

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DEPT PASS STR AND USDA/FAS

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TAGS: EAGR ETRD MX

SUBJECT: IMPORT PERMITS FOR US BEEF BREEDING STOCK - MEXICAN
REGULATIONS

REF MEXICO 7791

1. EMB AGOFF MET WITH DR. ZIEROLD, SUBSECY OF LIVESTOCK,
SAG, JULY 15 CONCERNING RESTRICTIVE NATURE OF CORRENT MEXICAN
LIVESTOCK IMPORT REGULATIONS. DR. ZIEROLD CONTINUED TO
JUSTIFY REGULATIONS ON BASIS OF NEED TO UPGRADE QUALITY
OF MEXICAN LIVESTOCK AND PROTECT MEXICAN BUYERS FROM INFERIOR
BREEDING STOCK OFFERED BY US PRODUCERS. DR. ZIEROLD STATED FOR
EXAMPLE, US CHAROLAIS BULLS VALUED UNDER 2,000 DOLLARS PER HEAD
WOULD NOT BE OF QUALITY DESIRABLE FOR USE IN MEXICO.

DR. ZIEROLD ALSO POINTED OUT HE WAS NOT RESTRICTING ENTRY OF US
LIVESTOCK OR HE WOULD RESTRICT ENTRY OF LARGE NUMBER OF
US DAIRY CATTLE ENTERING MEXICO. (THIS COULD BE CONSIDERED

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VEILED THREAT.)

2. IT WAS POINTED OUT TO ZIEROLD THAT VAST MAJORITY OF US BEEF BREEDING STOCK IS EXPORTED TO FIVE NORTHERN STATES OF MEXICO AND THAT CATTLEMAEN IN THESE STATES ARE MOST KNOWLEDGEABLE AND HAVE DONE MORE TO UPGRADE CATTLE IN MEXICO THAN CATTLEMEN FROM ANY OTHER AREAS. THESE CATTELMEN DO NOT NEED PROTECTION OF ANYONE WHEN IT COMES TO BUYING US BEEF BREEDING CATTLE. IT WAS ALSO POINTED OUT TO ZIEROD THAT (1) PRICES FOR US BREEDING CATTLE ARE AT LOWEST LEVEL IN MANY YEARS AND THERE ARE OPPORTUNITIES TO BUY AT BARGAIN PRICES; (2) HIS ARGUMENTS MAY BE VALID WHEN SPEAKING ABOUT EJIDO PURCHASE, ETC., BUT THEY ARE NOT VALID IN TERMS OF CURRENT ISSUE; AND (3) THIS RESTRICTIVE ACTION WAS AFFECTING AT MOST 1.5 TO 2.0 MILLION DOLLARS WORTH OF US CATTLE, SMALL DOLLAR FIGURE CONSIDERING COMBINED US/MEXICO LIVE ANIMAL TRADE VALUED AT 100 MILLION DOLLARS IN CY1974 AND 61 MILLION IN CY1975. THIS TRADE HISTORICALLY FAVORS MEXICO -- BY 35 MILLION DOLLARS IN 1974. (HOWEVER, IN 1975 US WAS FAVORED BY 11 MILLION DOLLARS DUE MAINLY TO DECREASED US IMPORTS OF MEXICAN FEEDER CATTLE.) ZIEROLD TOOK FIRM POSITION. QUOTE NOT IN 100 YEARS WILL I CHANGE CURRENT REGULATIONS. HOWEVER, IN FIVE MONTHS YOU MIGHT HAVE SOME SUCCESS WITH MY SUCCESSOR END QUOTE.

3. THESE SUBJECT REGULATIONS COME DOWN HARDEST ON NORTHERN MEXICAN CATTLEMEN WHO HAVE HISTORICALLY BEEN OUR BEST BUYERS AND ARE MORE CLOSELY ALLIED AND IN TUNE WITH US INDUSTRY THAN WITH GOM PROGRAMS ORIGINATING IN MEXICO. IF NOT BY DESIGN, THESE REGULATIONS DO, IN FACT, TEND TO PUNISH THEM AND THEY CONTINUE TO PRESSURE GOM FOR CHANGE IN SUBJECT REGULATIONS. THIS COULD WELL BE REAL ISSUE AND IF SO, THIS DOMESTIC POLITICAL ASPECT MAKES OUR CONTRIBUTION TO REASONABLE SOLUTION EVEN MORE DIFFICULT.

4. FOLLOWING THURSDAY PM MEETING WITH ZIEROLD, AGROFF MET FRIDAY JULY 16 WITH TREASURY OFFICIALS SERGIO DELGADO LECOURTOIS, SUBDIRECTOR OF INTERNATIONAL COMMERCIAL NEGOTIATIONS AND LIC. MARIO RODIRIBUZ MENTERO. SUBDIRECTOR OF INTERNATIONAL ECONOMIC COOPERATION CONCERNING SUBJECT ISSUE. REGRETFULLY RODRIGUEZ MONTEROO HAD DONE NOTHING SUBSTANTIVE SINCE JUNE 29 WASHINGTON BILATERAL NEGOTIATIONS. LIMITED OFFICIAL USE

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HOWEVER, THEY EXPRESSED DESIRE TO RESOLVE ISSUE FAVORABLY AND MAY BE ABLE TO WORK SOMETHING OUT. THEY WILL NEED ALL THE LEVERAGE THEY CAN OBTAIN FROM OUR SIDE. THEY ARE USING AS THEIR MAIN LEVER AMB YEUTTER'S REFS TO POSSIBLE US CONGRESSIONAL RETALIATORY ACTION MADE DURING WASHINGTON NEGOTIATIONS. JOVA

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